



Agenda Date: 01/31/01
Agenda Item: 7A-2

STATE OF NEW JERSEY

Board of Public Utilities

*Two Gateway Center
Newark, NJ 07102*

CABLE TELEVISION

IN THE MATTER OF THE PETITION OF TIME)
WARNER ENTERTAINMENT-ADVANCE/)
NEWHOUSE PARTNERSHIP FOR THE)
TRANSFER OF ITS RENEWAL CERTIFICATES)
OF APPROVAL TO OWN OPERATE AND)
MAINTAIN A CABLE TELEVISION AND CABLE)
COMMUNICATIONS SYSTEM, AND THE)
TRANSFER OF ITS CABLE ASSETS, TO)
TWFANCH-ONE CO.)

ORDER OF APPROVAL

DOCKET NO: CM00080556

(SERVICE LIST ATTACHED)

BY THE BOARD:

On August 2, 2000, Time Warner Entertainment-Advance/Newhouse Partnership ("TWEAN"), a New York general partnership and TWFanch-One Co. ("TWF"), a Delaware general partnership, jointly referred to as the "Petitioners", petitioned the Board, pursuant to the provisions of N.J.S.A. 48:5A-40 and 19, and N.J.A.C. 14:17-6.10 and 6.8, seeking Board approval to transfer certain renewal Certificates of Approval and certain assets to TWFanch-One Co. ("TWF"), a Delaware general partnership.

TWEAN, with local offices located at 200 Roosevelt Place, Palisades Park, New Jersey 07650, owns and operates a cable television system serving 14 municipalities in Bergen and Hudson Counties, New Jersey (the "Bergen System").¹ TWEAN is owned two-thirds, by subsidiaries of AOL Time Warner, Inc. (64.8% by Time Warner Entertainment, L.P. ("TWE"), which itself is 74.49% owned², indirectly, by AOL Time Warner, Inc. and 1.9% by Paragon Communications, a wholly owned, indirect subsidiary of AOL Time Warner, Inc.) and one-third by Advance/Newhouse Partnership. AOL Time Warner, Inc., with headquarters at 75 Rockefeller Plaza, New York, New York 10019, is a cable television Multi-System Operator, ("MSO") which, by itself or through subsidiaries, services approximately 12.6 million subscribers in the United States.

¹ Time Warner Entertainment-Advance/Newhouse Partnership is authorized to serve the following municipalities: Cliffside Park Borough, Edgewater Borough, Englewood City, Englewood Cliffs Borough, Fairview Borough, Fort Lee Borough, Guttenberg Town, Leonia Borough, Little Ferry Borough, Moonachie Borough, Palisades Park Borough, Ridgefield Borough, Ridgefield Park Village and Teterboro Borough.

² AT&T Corp. owns the remaining 25.5% of TWE.

TWF, with offices located at 290 Harbor Drive, Stamford, Connecticut 06902, is wholly owned by TWE, 99.0% directly by TWE and 1.0% by Time Warner Cable Holdings, Inc., which itself is wholly owned by TWE.

Pursuant to an Asset Exchange Agreement, dated July 12, 2000, between TWEAN and TWF (the "Agreement"), the Petitioners will transfer certain assets and renewal Certificates of Approval from TWEAN to TWF, which is part of an internal reorganization involving three TWEAN systems being swapped in a tax-free like exchange transaction for nine systems now operated by TWF exchanging approximately 150,000 cable subscribers nationally. TWF will receive approximately 84,327 of TWEAN's subscribers in Ohio, Wisconsin and New York/New Jersey in exchange for TWF's 65,453 subscribers in New York, North Carolina and Florida.

Following submission of the petition, the Petitioners provided written responses to written requests for additional information regarding the impact of the transfer of assets and Certificates of Approval on TWEAN's New Jersey cable television customers. In addition, the Petitioners provided information supporting the ability of TWF to continue to provide safe, adequate and proper service subsequent to the transfer.

The Board's staff has reviewed this transaction and the documents submitted by the Petitioners, and has determined that, as a result of the terms of the transaction, neither the Bergen System's subscribers, the municipalities served, nor the public interest will be adversely affected by this transaction. There is also no new lending or refinancing involved.

After a review of this matter concerning the transfer transaction, the Board HEREBY FINDS the transaction to be made is in accordance with law, is in the public interest and approving the purposes thereof, HEREBY AUTHORIZES the transfer of the TWEAN Renewal Certificates of Approval and Assets to TWF.

This Order is subject to the following conditions:

- 1) This Order shall not affect or in any way limit the exercise of the authority of the Board or the Office of Cable Television or the State of New Jersey in any future petition or in any proceeding regarding rates, cost of service, franchises, service, financing, accounting, capitalization, depreciation or any other matters affecting the Petitioners.
- 2) This Order shall not be construed as directly or indirectly fixing, for any purpose whatsoever, any value of tangible or intangible assets now owned or hereinafter to be owned by Petitioners.
- 3) This Order shall not be construed as affecting pending rate proceedings involving the Petitioners.
- 4) The Petitioners shall notify the Board, in writing, within five (5) days of the date on which each of the transactions are completed.
- 5) Completion of the above referenced transactions shall take place no later than ninety (90) days from the date of this Order, unless otherwise extended by the Board.

- 6) Petitioners shall file a Certification with the Board within thirty (30) days of the closing attesting that there are no significant changes in the executed closing documents or final terms from those terms and conditions described herein and/or submitted to the Board with the Petition. Any such material deviation in the executed closing documents shall render this Order voidable by the Board.
- 7) Petitioners shall file journal entries with the Board to record the transactions approved herein within forty-five (45) days of closing.
- 8) In addition to the State assessment, pursuant to N.J.S.A. 48:5A-32, and municipal franchise fees, pursuant to N.J.S.A. 48:5A-30, due and owing by TWEAN on systems it presently owns and operates in New Jersey, TWEAN shall be liable for all State assessment and municipal franchise fees due and owing for the calendar year 2000 relating to those subsequently acquired New Jersey systems it owns as of the statutory payment dates.
- 9) TWF shall provide, within 60 days of the date of this Order, revised Office of Cable Television Forms CATV-1 and CATV-2, which shall reflect gross revenue, as defined by the applicable statutes, for the period January 1, 2000 through December 31, 2000, for the franchises transferred.
- 10) TWF shall provide, within 45 days of the date of closing, revised Office of Cable Television Forms CATV-1 and CATV-2, which shall reflect gross revenue, as defined by the applicable statutes, for the period January 1, 2001 through closing, for the franchises transferred.
- 11) All franchise obligations, commitments and agreements shall continue in force in all respects under TWF ownership.
- 12) TWF shall file within 45 days of the closing of the Transaction a revised tariff for cable television service reflecting the new ownership and listing all charges as required by the Board, the Office of Cable Television or the Federal Communications Commission.
- 13) All of the obligations imposed upon TWEAN by the Certificates of Approval issued by the Board for the municipalities served by it shall be assumed by TWF.
- 14) All representations and commitments made by TWEAN to the municipalities serviced by the TWEAN System are fully enforceable as if set forth at length herein.
- 15) Approval of the transfer of assets and Certificates of Approval shall not constitute automatic approval of any business contract referenced in the Agreement or supporting documents, if Board approval, pursuant to N.J.S.A. 48:5A-1 et seq., would otherwise be required.

Petitioners to the Transaction shall comply with the New Jersey Cable Television Act and applicable sections of the New Jersey Administrative Code.

DATED: January 31, 2001

BOARD OF PUBLIC UTILITIES
BY:

(signed)

HERBERT H. TATE
PRESIDENT

(signed)

FREDERICK F. BUTLER
COMMISSIONER

ATTEST:

(signed)

FRANCES L. SMITH
SECRETARY

IN THE MATTER OF
TIME WARNER-ENTERTAINMENT/ADVANCE NEWHOUSE AND TWFANCH-ONE CO. -
TRANSFER OF ASSETS
DOCKET NO. CM00080556

Arthur Bergman, Esq.
Sokol, Hehot and Fiorenzo
Continental Plaza
433 Hackensack, Avenue
Hackensack, NJ 07601

Celeste M. Fasone, Director
Office of Cable Television
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Charles A. Russell, Esq.
Deputy Director
Office of Cable Television
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Joseph Haldusiewicz, Esq.
Deputy Attorney General
State of New Jersey
Division of Law
124 Halsey Street
Newark, NJ 07102

Richard Daul
Bureau of Accounts
Office of Cable Television
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

William H. Furlong, Chief
Bureau of Inspection & Enforcement
Office of Cable Television
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Dr. Fred S. Grygiel
Chief Economist
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Carol Entenza-Artale, Esq.
Legal Specialist
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Blossom Peretz, Esq.
Division of Rate Payer Advocate
31 Clinton Street
Newark, NJ 07102

Steven Rastatter
Telecommunications Systems Analyst
Office of Cable Television
2 Gateway Center
Newark, NJ 07102